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DEPARTMENT FOR EUR/CE; PLEASE PASS TO NSC FOR ADAM STERLING

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TAGS: PGOV PHUM HU

SUBJECT: NO DIRECTION HOME: VOTERS MOVE LEFT ON ECONOMICS,  
RIGHT ON SOCIAL ISSUES

REF: A) BUDAPEST 9 B) 08 BUDAPEST 1158

Classified By: P/E COUNSELOR ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

¶1. (C) Summary: As the MSzP prepares for party meetings which will set the course for the coming year, Prime Minister Gyurcsany's halting efforts to rekindle reform are meeting open opposition even from elements of his own party. If recent polling is correct, reforms will make little headway with a public that remains steadfastly conservative on social issues ( and staunchly statist on economic issues. End Summary.

PRIMED FOR A PROTEST VOTE?

¶2. (C) Although the Gyurcsany government has been hard at work minimizing the importance of this summer's European Parliamentary elections, the vote is universally regarded as a barometer for the national elections of 2010. With their slate finalized, FIDESZ insiders are confident, predicting that they will win up to 14 of Hungary's 22 seats. The government, meanwhile, is attempting to lower expectations regarding the MSzP's performance at the polls, characterizing the European Parliamentary elections as a "protest vote" with little practical impact.

¶3. (C) As the think tank "Political Capital" points out, however, a protest vote could well play into the hands of the extremist JOBBIK party. Pulling even with the centrist SzDSz and MDF in recent polls, JOBBIK outstripped both in the first round of a Budapest district by-election last week and is now pledging to "wipe the SzDSz off the face of the earth." With their selection of high-profile conservative activist Krisztina Morvai as its European Parliamentary candidate, JOBBIK may be able to win a seat in Brussels ) and with it the presumption of respectability in Hungary. (Comment: Their pursuit of a seat in the European Parliament has done nothing to increase JOBBIK leader Gabor Vona's affection for the EU as an institution, however, which he recently referred to as "not the embrace we expected but a stranglehold." End Comment.)

¶4. (C) Both the MSzP and FIDESZ are concerned regarding JOBBIK's chances. Ironically, contacts in each party tell us the other is more worried. While FIDESZ MP Zsolt Nemeth believes "no one should overestimate JOBBIK's strength," one staffer in the Prime Ministry comments that both the government and the opposition agree that "the only thing worse than extremists controlled by the opposition are extremists beyond the control of the opposition." (Comment: This source admits his own son has gravitated toward JOBBIK, and has even participated in the 2007 protests against the Gyurcsany government. End Comment.) Analyst Zoltan Csipke predicts that JOBBIK will draw protest votes from those critical "not only of the Socialists but of the entire political class."

SOCIALIST VERSUS SOCIALIST?

¶ 15. (C) But the Socialists must also be concerned regarding their own internal divisions. Although Finance Minister Veres told Ambassador Foley January 8 that the PM is committed to further structural reform and Economy Minister Bajnai predicted new steps on issues ranging from taxes to local administration, the government's messaging remains mixed (REF A). Although Gyurcsany has in public referred to the crisis as "the worst since 1945" and "the end of an epoch," he has also referred to "the burdens on the common man" and the need to "explain the benefits of reform."

¶ 16. (C) Bajnai tells us that "reform is not yet the policy of the governing party." Indeed, a new bloc may be emerging within the MSzP to preempt even these halting steps from the Prime Minister. Led by MP Tibor Szanyi (and engineered, many suspect, by Parliamentary Speaker Katalin Szili) they represent what political commentator Kornelia Magyar calls the "Socialist wing of the Socialist party." In a recently-published manifesto entitled "Turn Left!", Szanyi referred to the "death of free-market capitalism" and "liberal social democracy."

#### THE MAN ON THE STREET TURNS RIGHT ... AND LEFT

¶ 17. (U) A recent poll by Magyar's Progresziv Institut suggests that Szanyi's message may be just what Hungarian voters want to hear. A sampling of 1200 Hungarians revealed that:

68 percent describe themselves as socially conservative regardless of political affiliation;

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88 percent support broad state involvement in the economy regardless of political affiliation;

40 percent favor expanding state social programs and explicitly reject "self-reliance;"

37 percent are "paternalistic and authoritarian," defined by opposition to globalization, hostility toward the Roma community, and dependence on significant state assistance (which they object to when it is directed toward the Roma community);

23 percent "accept globalization" but remain expressly conservative regarding lifestyle and gender issues. (As Magyar noted archly, "they admit that globalization exists but don't want to live next door to it.");

Perhaps most significantly, the results were broadly consistent across regional, gender, generational, and income lines.

¶ 18. (C) To Magyar, her findings suggest that Hungary's deep partisan divisions are a matter of assumed preference rather than substantive interest. "Fundamentally," she concludes, "there are very few differences between FIDESZ and MSzP voters: both are socially conservative and economically socialist." There are even fewer liberals. Magyar jokes that the poll suggests "liberals like me have been reduced to the margin of error" in a population that "thinks of itself as traditionalist but is really backward-looking."

¶ 19. (C) Bajnai agrees, commenting that "the divisions in Hungary are not just between the parties but within the parties," thus further complicating the unpopular necessity of reform. As he points out, "only 57 percent of Hungarians are economically active but voter turnout is often 80 percent: those who depend on the state decide the elections." The result, he concludes, is a "promise auction" between the parties.

GIVE THE PEOPLE WHAT THEY WANT?

¶10. (C) Comment: The bidding is likely to continue. With the small centrist parties in free fall (REF B), that leaves the MSzP, FIDESZ, and an increasingly vocal JOBBIK fighting over voters who are profoundly resistant to reform and self-reliance in the face of economic realities. End

Comment.

Foley